

April 29, 1908, with a capital and surplus of \$326,386, and nominal assets of \$970,847. The *Banque de St. Hyarinihe*, in the same neighborhood, was finally closed June 23, 1908, with capital and surplus of \$406,235 and nominal assets of \$1,576,443. The first of these two failures showed large elements of wrongdoing, but the second was less discreditable and depositors recovered a considerable proportion of their claims. The Bank of Montreal was prompt to open a branch in St. Hyacinthe, which offered accommodation to the sound customers of the failed institution.¹

5. The requirement of a fixed minimum reserve of specie against liabilities was suggested by Mr. Hincks in 1869, but he was convinced by the unanimous opposition of the bankers that the requirement would prove more of an injury than a benefit to the business community in times of stringency. It was pointed out that a reserve which cannot be used is of no avail in emergencies ; that if the proportion were low, it would be treated by weak banks as always sufficient; and that a part of a bank's best and most available funds often consisted of balances in New York and London, rather than specie in its own vaults. These arguments were conclusive with Mr. Hincks, but they failed to convince Mr. Foster when the plan of a minimum reserve was suggested to him in 1890. The experiment of a minimum reserve had then been longer in operation in the United States and was believed to have produced beneficial results. It was pointed out, however, that the small local banks of the United States occupied a very different position from the great chartered banks of Canada and that regulations which might be necessary in the one case might not be in the other. Mr. Foster's proposition was to require each bank to hold specie and Dominion notes to the amount of ten per cent, of its liabilities. The bankers carried the contest before the Privy Council and at a hearing given them on February 22, 1890, carried the majority with them and secured the exclusion of any provision for the reserve from the government bill.³

¹ *New York Bankers' Magazine*, August, 1908, LXXVIL, 241.

² Breckenridge, 327.